G. R. S. IX-5]

Previous references. 1875

~~191~~ .

(S. R)

File No. 7.

Serial Nos. 9 to 16.

Later references.

(7)

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 9 to 16.

~~Part~~ B for

SUBJECT.

Supply of arrack direct to the Vendors in the Mysore District.

Indexed.

W D 88—GPB—50,000—24-7-16

Mirza Nazeer Hussain

A° 168.

Memo.

Letter No: 121/17 of 26th May 1876 from the Commissioner of the Ashtagram Division.

Chief Comrs Pro: No: 6608/58 11th November 1875.

The existing arrangements under which arrack for consumption in the Impoie district is purchased by Government from the Pallmilly Sugar and Rum Works Company & then sold to wholesale and retail vendors being found to be unsatisfactory and liable to abuse, the Hon'ble Chief Commissioner prescribed certain measures of reform and wished to learn Major Hay's views on them and the terms upon which the Company would undertake the issue of liquor to the vendors.

2. Accordingly the Commr submits copies of letters from the Managing Director of the Company and the Deputy Commr of the Impoie district on the subject.

3. The Managing director

states that he is prepared in behalf of the Company to guarantee 10 per cent above the average of the last 8 years by issuing liquor of 20 & 30 degrees under proof on payment of a duty of Rs: 3-2-3 per gallon for the former and Rs: 2-12-0 for the latter. The minimum and maximum prices at which the Company propose to sell vary from Rs: 4-8-0 to Rs: 5 per gallon of 20 under proof and Rs: 4-0-0 to 4-8-0 per gallon of 30 under proof, which rates Mr. Grathoon states are high when compared with those prevailing in the Bangalore District, where commerce is greater & the means of consumers more ample, and should be considered tentative. The Company agree to pay Rs: 100 a month for the establishment of a guard & a Gauger to be maintained at the

* Mr. Grathoon's proposal that, inclusive of the license fee now realized by Govt. the Company pay Rs 3.10 per gallon at 20° below proof - leaving to Govt Rs 1-6 per Gallon of Manufacture effected - on the assumption that the present rates of sale vary from 4-12 to 5 per gallon - Vide letter from Comm'r & Dr No 2/10 of 5 June 1867

Distillery Depôt. It is stated that the retail vendors, most of whom are relatives and dependants of the late native Distillers who had to give up their Distilleries, have groundlessly attempted to attribute the cause of the falling off in the sale of liquor to the quality of the Spirits manufactured by the Company, & that if the Company are permitted to sell arrack direct to the retail vendors as above proposed, it would not only tend to secure the Government a fair revenue, but also enable the Company to place the arrack at the disposal of the retail vendors with such precautions as would furnish consumers with undebauched and good Spirits. Mr. Arathoon says that it will also save the Company from the many annoyances & loss, to which they have been subjected under the

present arrangements.
The Company offer to take off the Hapan District
Fees on the same terms as above.

4. The Dy: Deputy Commr: of Inspre thinks that the Company's proposal as above set forth is in itself a good one, but that as the present contract would by its adoption be nullified, he does not see that the Company would have any right to a new contract unless outsiders also got an opportunity of tendering. Mr Bosteons states that Majr Hill in his letter No: 1742 of 25th March 1876 to the Commissioner, Northern Division has recorded, as his opinion follows:— "I may place it on record that they (the Company have shown themselves unworthy to be trusted with the direct vend of liquor, & that the present arrangement acts as an efficient check on any nefarious practices".

5. The Commissioner reports that the average of the last 3 years' Revenue from 1873-74 to 1875-76 was Rs: 40875-1-5

and the ten per cent increase which the Company will guarantee would bring in Rs: 4,087-8-10. making a total of Rs: 44,962-9-5 or Rs: 11,863-11-8 less than the Revenue of the year 1875-76 which is Rs: 56,826-5-1. If the average of 3 years from 1872-73 to 1874-75 be taken the loss compared with last year would be Rs: 20,142-0-4. In either case the result will be unfavorable, whereas the increase effected under the present arrangements in 1875-76 was Rs: 16,791-2-1 or nearly 44 per cent on the Revenue in 1874-75. It is reported that there was also an increase of Rs: 180 sold in april 1876. Colonel Hay is therefore of opinion that the present system should be continued until the close of 1877-78, when the period of the present contract will expire, & the results will be fully ascertained, and that should it then be decided to introduce the new system, the contract should be

put up a public competition
to ascertain whether the
terms offered by the Company
are the best procurable
6. On the 29th May 1876
Dist. Arathoon addressed a
letter to this Office, stating
that if the monopoly
of the vend of spirits in
the Impaie District is
granted to the Company
they would adopt the
new system of Abkarie
management which is
bearing fairly successful
results in the Madras
Presidency. This letter
was forwarded to the
Commissioner for report,
with the
observation that if the
Company are in a position
to arrange matters with
the existing vendors for
the remainder of the year,
the Hg: Chief Commissioner
does not see why their
proposal should not
be accepted. provided they agree
7. The Commissioner's reply

Letter No: 2018 of 5th June 76.
17

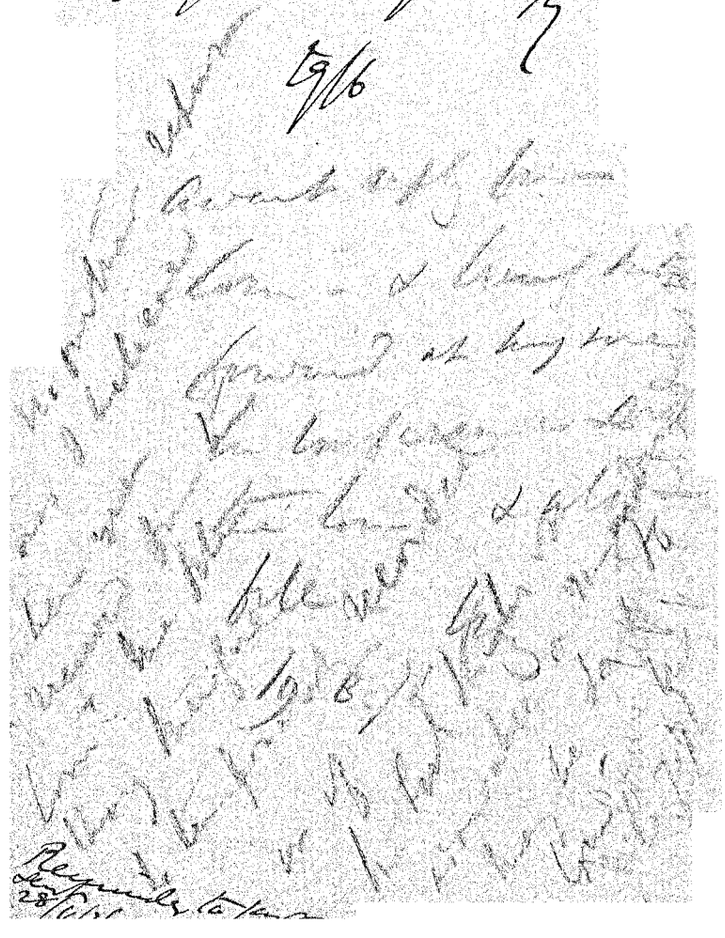
to sell at the Rates specified viz
from Rs 4-12-0 to Rs 5 per Gallon of 20°
under proof and to pay the present
licence fee in addition to a duty of
Rs 3-8-0 per Gallon of 20° under proof.
As the licence fee are January per Gallon
this would represent Rs 3-13-11, leaving
from Rs 1-2-0 to Rs 1-6-0 for expenses of
manufacture and vend. There would
a mean representing the average no
Gallons issued in Fasl 3 years,
[illegible]

trial orders are based on
this subject

P. J. Hannbook
17/6/16

In disposal of W. Cochran
application may be one, like
the Comm's further report
received, that Sam not
dispose of until then, such
the circumstances have altered,
it would be better to retain the
land of spent in our
hands during the currency
of the present Contract which
is to expire in 1917-18.
W. Saunders may wish to
confer with the Comm's
on subject at my office

19/6



MYSORE COMMISSION

No 40

Memo.

Astaprum Dor Comrs.
letter No 694 of 29th
Dany 99 1877, reporting
on the proposal
made by Mr Arathoon
managing Director
of the Astaprum Sugar
and Rum works
Company, to take
up the monopoly
of the vend of Spirits
in Mysore & Coorg
&c on certain
terms.

2 I have not
been able to obtain
this letter but
paraphrase in the
terms called for
when first up only
on 12th Inst

Receiving [illegible] the accrual of a larger revenue to Govt—

7 In para 45 of his letter under reply the Commissioners state that if the present offer of the Company is not thought acceptable the price of the liquor may be increased to 14 annas per gallon & do not think sufficient grounds have been shown for the proposed increase which sanctioned, would entail a loss to Govt of abt 1265 Rs

W. Thornton C.
17. 4. 77

In this para, the Hon'ble Member in charge of the Finance & Commerce Department refers to the late offer of the Company to sell liquor at 14 As per gallon. In para 2 of the Resolution (Sir R. Temple's) dated 18 March 1875, the rate was fixed at 14 As per gallon, but on a subsequent application of the Company it was reduced to 13 As 6 P, as per Order dated 28 April 1875 (see Duplicate Memo. under the Secy. Comm. Office No 9/1 P. 5 April 1875). I cannot find the

125

Draft order & Telegram.
Rice duty to take off 14 As
appears to have been
by reduction of the present
duty of 13 As per gallon.
To Delhi Ry 18/4

The Comr of Ca Dn
in his letter No 975
of 3rd April 1875, (para 2),
stated that Mr Arathoon
finally agreed to supply
liquor 22° up at 13 as
per gallon. It was
observed by the late
Mr Grandidier and
the Secy, that Mr A
in his letter, agreed
to sell at 13/2 annas
per gallon and not
13 as, as erroneously
stated by Collector.
In drafting orders,
however, (please see
the draft filed with
Inward Tel No $\frac{2334}{38}$ of
16 June 1875) 13 annas
appears to have been
inserted by mistake.
The reduction in the

vate. ...
maccount of Reduction
of strength of liquor
from 19 to 22° ...

C.A. Thornbold

19. 4. 77

I see no objection to
the selling each of the
Duty paid at 13½ d.
per gallon from 1 April
77 to the time when the
present contract expires.
The prices made
by the Auchtertool Distillery
& the Talisker Company
I understand to be the
highest remunerative
& that they expect

W. ...

A. Pearson

Orders may issue

accordingly

21. 4. 77

Article

1876. 17

From The Commissioner Ashm. Bl.

To Secretary to Chief Commissioner, General Department.

Section S.R.
File No. 175
Serial No. 4

Dated Mysore 26th May 1876.

Despatched

Received 29

Rep 29.

ENCLOSURES NO. 4

General No. 121 } 1876—77.
Rev. No. 47

Regarding the Subsidy
Grant direct to the Vendors in
the Mysore District.

C No. 121 / 1876
" " 17

Astl. Asst Commissioners Office.
Mysore 26th May 1876.

To

The Secretary to the Chief
Commissioner of Mysore.

Sir,

I have the honor to forward herewith Copy of Letter No. 139 dated 5th Instt. from the Deputy Commissioner Mysore and No. 142 of the 1st Instant from the Managing Director of the Company specifying the terms which they are prepared to offer.

In reply to the proceedings of the Chief Commissioner No. 6608/C.58 dated 11th November 1875 calling for opinion on the proposals of the Company at Paulhalle regarding the supply of Arrack direct to the Vendors in the Mysore District,

2. The Company will guarantee an increase of 10 per cent over the average of the past 3 years revenue, by issuing liquor of 20° and 30° degrees under proof on payment of a duty of Rs. 3-2-3 for the former and 2-12-0 per gallon for the latter. The minimum and maximum prices vary from Rs. 4-8-0

to Rs: 5 per gallon of 20° under proof and Rs. 4 « 0 « 0 to Rs: 4 « 8 « 0 per gallon of 30° under proof.

3. The average of the last 3 years Revenue from 1873-74 to 1875-76 is Rs: 40875 « 1 « 5 viz:

1873-74.	Rs: 27919 « 14 « 2.	
1874-75	« 37879 « 1 « 1.	
1875-76	« 56826 « 5 « 1.	
Total	122625 « 4 « 4.	

Average per year 40875 « 1 « 5.

Adding to this, Rs: 4087 « 8 « 0. being 10 per Cent increase, the total amount anticipated is Rs: 44962 « 9 « 5 or Rs 11863 « 11 « 8 less than the Revenue of last year. If the average* of the 3 years from 1872-73 to 1874-75 viz: Rs: 33349 « 6 « 5 be taken, 10 per Cent increase amounts to Rs: 3334 « 14 « 4, and the loss compared with the year 1875-76 is Rs: 20142 « 0 « 4.

1872/73	Rs: 34248 « 12 « 1	
1873/74	Rs: 27919 « 14 « 2	
1874/75	Rs: 37879 « 9 « 1	
	100048 « 3 « 4	
Average per year	33349 « 6 « 5.	

3. In either case, the result will be unfavorable, whereas the increase effected under the present arrangement in 1875/76 was Rs: 16791 « 2 « 1 or nearly 14 per Cent on the revenue in 1874/75.

"

There has also been an increase of 180 and odd Rs: in April 1876.

4. Under these circumstances, I am of opinion that the present system should be continued until the close of 1877-78, when the period of the present Contract will expire, and the results will be fully ascertained.

5. Should it then be decided to introduce the proposed changes of system, the Contract should be put up to public competition, to ascertain whether the terms offered by the Company are the best procurable.

I have the honor to be

Sir,

Your most obt. Servt.

Massey

Commissioner

John D.

Deputy Commissioner's Office.

Mysore, 5th May 1876.

No. 139.

To

The Commissioner

Ashtagram D.

Sir

I have the honor to acknowledge the receipt of your docket No. 421. dated 16th Nov. 75. giving power to a copy of the Chief Commissioners proceedings No. 6608/58 of the 11th Idem, on the subject of the power of selling arrack to vendors being delegated to the Ashtagram Sugar and Rum works Company.

In reply I beg to submit copy of a letter No. 172 of the 1st Instant from the Managing Director of the Company, reporting the terms on which they are prepared to take the vend of liquor into their own hands. I think that their proposal is per se a good one, but that as the present Contract would by its adoption be nullified, I do not see that the Company would have any right to a new Contract unless outsiders also had an opportunity

of

of tendering

From this Office letter No. 1742 of the 25th March 1876 to your address, I find that Major Hill, from what he knew of some of the members of the Company, was much disinclined to disturb the present arrangement. His words are "I may place it on record, that they (the Company) have shewn themselves unworthy to be trusted with the direct vend of liquor, and that the present arrangement acts as an efficient check on any nefarious practices."

I have &c
(Sd) W. Porteous.
Ag: Deputy Comm.r

No. 172.

W. Porteous Esquire
Ag. Deputy Commissioner
Mysore District

Sir

I have the honor to acknowledge the receipt of your letter No. 264 of the 9th February 1876, and in reply to submit the following particulars.

2. Since the introduction of the system which obtained since the 16th April 1875 in the

the Mysore District, the sale of liquor has fallen off considerably. Some attempts have been made to attribute this falling off to the quality of the spirits manufactured by the Company. And it is almost needless for me to add that these groundless attempts have been fomented by the Retail Vendors, who are most of them relatives and dependants of the late Native Distillers, who had to give up their Distilleries

3. There can be no doubt that if the Chief Commissioner's proposal to permit the Company to sell arrack direct to the retail vendors, be carried out, it would not only tend to secure the Government a fair revenue, but also enable the Company to place the arrack at the disposal of the retail vendors, with such precautions, as would furnish Consumers with unadulterated and good Spirits. It would also save the Company from the many annoyances and loss to which they have been subjected under the present arrangements.

4. I would respectfully urge that the Hon.

In

Mr. Dalyell's system (as so successfully pursued by the Madras Government in the surrounding Districts of Her Majesty's Country) be carried out in its integrity in this District, if even as a tentative measure, and I trust it may not be considered amiss when I add, from my long and varied experience in matters affecting the Abkarie revenue that Mr. Dalyell's system seems to me to be the only one which has struck the happy means between the sentimentality of the Saddoo system and the abuses of the old Abkarie monopoly.

5. The principles of Mr. Dalyell's system are clearly laid down in the Notification published in the Fort St. George's Gazette of the 13th February 1875 page 314 to which I beg to refer you. The revenue of Government is secured by a Guaranteed minimum. I am prepared on behalf of the Company to Guarantee 10 per cent above the average revenue of the last 3 years.

6. The next point under Mr. Dalyell's system is the fixing of the denomination of the liquor issued; these I would propose should be 20 and

30° degrees underproof.

7. The third point is the duty payable on the different denomitns and this duty has been fixed with regard to the circumstances of each Distt. I would submit that there be a uniform rate of duty for the Mysore District of Rs: 3. 2. 3 per gallon of 20° degrees under proof and Rs: 2. 12. 0 per Imperial gallon of 30° degrees under proof. This uniform rate will abolish the present invidious distinction of duty levied as far as Cusbahs and villages.

8. The fourth point under Mr. Dalyell's system is, that the liquor is vended at fixed maximum and minimum prices, and adulteration by retail vendors is strictly prohibited. These prices are also fixed with due regard to the circumstances of each District, and I submit that the minimum and maximum prices for the Mysore District be from Rs: 4. 8. 0 to Rs: 5 per gallon of 20° degrees under proof and Rs 4 to Rs: 4. 8. 0 per gallon of 30° degrees under proof.

The Company will also agree to pay Rs: 100 a month as provided for in Mr. Dalyell's system for the Government Establishments

establishment of a Guard and a Gauger to be maintained at the Distillery Depôt.

9. The Securing of good men as retail vendors, the regulating of the sales, the detection of illicit practices, and in short the careful supervision of all the interests involved in the issue and sale of arrack will be zealously supervised by the Company's Officers, and this, I submit will be done to the utmost extent, seeing that the interests of Government and the Distillers are closely identified with each other in these respects.

10. The rates of duty and selling prices mentioned in paras 7 and 8 are high when compared with the rates prevailing in the Bangalore Distt. where Commerce is greater, and the means of the Consumers more ample. This will be evident on when I state that the rates of duty levied there are Rs: 3. 3. 0 (including local fund Cess) per ~~town & Rs. 2-- including Local fund Cess per~~ gallon for villages. * The rates proposed should should therefore be considered tentative.

* The selling prices there are Rs: 5 per Gallon for town and Rs: 4 for villages.

In Conclusion I beg your favorable view of the foregoing particulars, and request you will be so kind as to submit the same with your

your support for the favorable consideration of the Commissioner of the Division. I would here also submit, that the Company is quite prepared to take over the Hassan District on the same terms as the above. I mention this as the question has been put as to whether the Company would take up the Hassan District also

Thanking You

I &c.

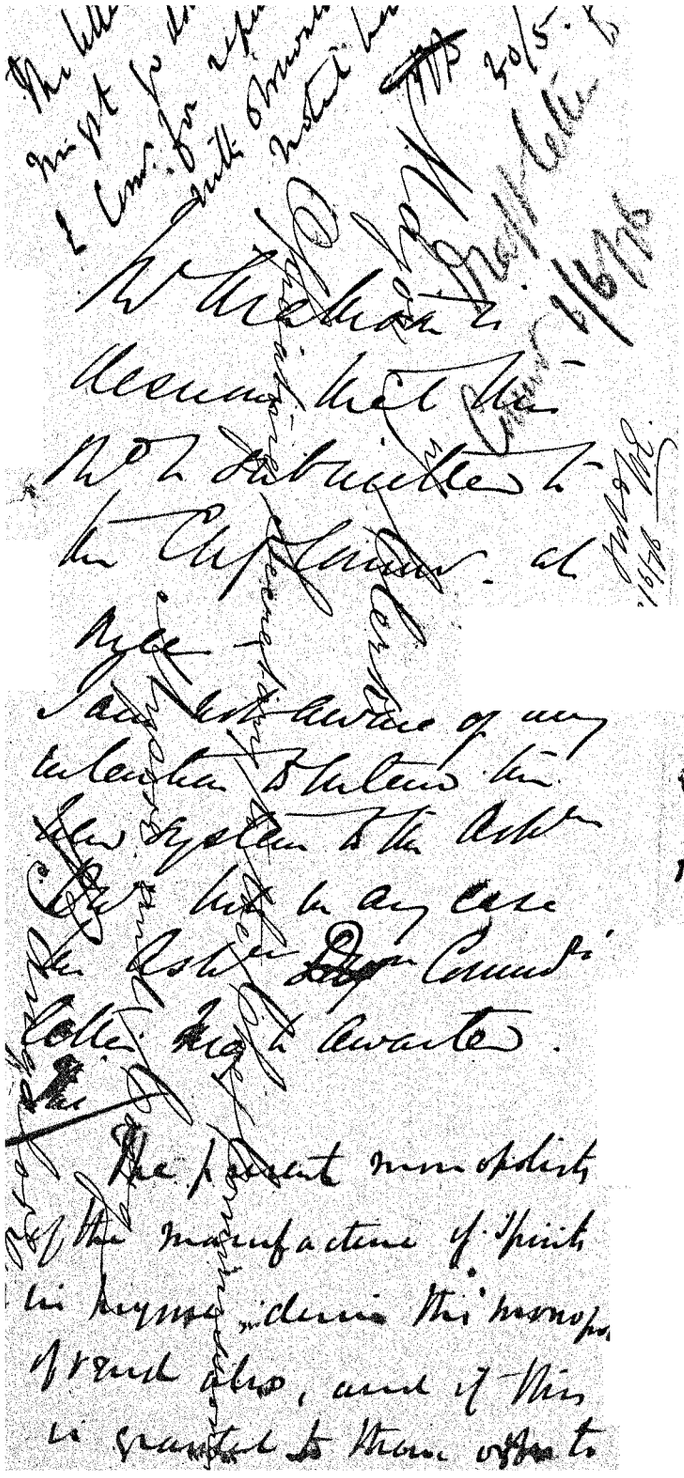
(Sd) Samuel J. Arathoon,
Managing Director,
Ashtagrama Sugar, and Rum Works
Company Limited

Paulhalli.
1st May 1876.

"Copy"

(Sd) W. Sorton.
Offg. Deputy Commissioner
Mysore District.

Copies
Secretary
Commissioner,
Coorg.



12 1876.

Section S.I.
File No 775
Serial No 49

From Mr. S. J. Arathoon

To Managing Pro Director
A. S. & N. Works Co: Limited
Bangalore

Dated 29th Inst.

Despatched

Received 3 Oct.

ENCLOSURES NO. 1

~~General~~ No. 173
No.

Bearing certain
plan & Tracings to his notice
of the C.C. regarding the
Addr: Steam Launch
Company Limited, and in-
closing copy of a letter ad-
dressed to the Dy: Commr
Mysore

20/10

17

Dy Commr
Mysore

No. 10227

Bangalore 29 May 187

No. 173.

From S. J. Strathoon Esq
Managing Director
Sugar & Rum Work Co Limited
Bangalore

To.

Major J. Clerk
Offg. Secretary to the Chief Comm.
of Mysore and Coorg
Bangalore.

Sir,

I have the honor to request you will be pleased to submit the following particulars with your support for the favorable consideration of the Chief Commissioner.-

2. In order to avoid repetition I beg to forward herewith copy of a letter addressed by me to the Officiating Deputy Commissioner of the Mysore District in reply to a communication from that Officer calling upon me to state on what terms the Ashtagram Sugar and Rum Works Company Limited were prepared to take over the retail sale of spirits in the Mysore District.-

3. To this communication of mine no reply has as yet been received and the approaching departure of the Officiating Chief Commissioner induces me to address this letter direct in order that the subject in question might receive his consideration

the same previous to his departure.—

4. The system which has been in force since the 16th of April 1875 has resulted in an increase of revenue to the Government and marked diminution in the consumption of Spirits while the low price of 13 Annas a Gallon encumbered with the fact of a sum of Rupees 0,000 and odd claimed as compensation by the late Native Distillers have proved a source of serious loss to the Company. The increase of Revenue and diminution of consumption referred to above however, being based on unsound principles cannot but prove of temporary duration and must ultimately result in loss to both Government and the distillers.—

5. Under these circumstances I earnestly pray in behalf of the Company that the proposition made in my letter to the Deputy Commissioner to carry out in its integrity Mr. Dalyell's System may be complied with so as to enable the Company to continue its Connection with the Government and to have a reasonable margin left for the outlay of Capital and labour entailed thereby.—

6. In conclusion I respectfully beg to add that the Company are prepared with appliances and resources to carry out Mr. Dalyell's System in the Hassan District

in

in the Nundidroog Division, and in the Province of Coorg if encouragement be offered to do so.

I have the honor to be
Sir
Your most obedient Servant
Samuel J. Watkins
Managing Director
A.S. and Iron Works Co. Ld.

Annual Report May 1876

From S. J. Strathoon Esq Encl 0810
M.A. & Director
A.S. & Rum Work Co. Ltd

To
W. Forteous Esq
Offg. Deputy Commissioner
Mysore.

Sir,

I have the honor to acknowledge the receipt of your letter No. 2647 of the 9th February 1876, and in reply to submit the following particulars.

2. Since the introduction of the system which obtained since the 16th April 1875 in the Mysore District, the Sale of liquor has fallen off considerably; some attempts have been made to attribute this falling off to the quality of the Spirits manufactured by the Company. And it is almost needless of me to add that these groundless attempts have been fomented by the Retail Vendors who are most of them relatives and dependants of the late Native distillers who had to give up their distilleries.

3. There can be no doubt that if the Chief Commissioner's proposal to permit the Company to sell Arrack direct to the Retail Vendors be carried out, it would not only tend to secure the Government a fair revenue but also enable the Company to place the Arrack at the disposal of the Retail Ven-

with such precautions as would furnish consumers with unadulterated and good Spirits. It would also save the Company from the many annoyances and loss to which they have been subjected under the present arrangements.

4. I would respectfully urge that the Honble Mr Dalyell's System be successfully purched by the Madras Government in the surrounding Districts of Her Majesty's Country, be carried out in its integrity in this District, if even as a tentative measure - And I trust it may not be considered amiss when I add from my long and varied experience in matters affecting the Abkarry Revenue that Mr Dalyell's System seems to me to be the only one which has struck the happy mean between the sentimentality of the Sudder System and the abuses of the old Abkarry monopoly -

5. The principles of all Mr Dalyell's System are clearly laid down in the Notification published in the Fort St George Gazette of the 13th February 1875 Page 314 to which I beg to refer you - The Revenue of Government is secured by a guaranteed minimum - I am prepared in behalf of the Company to guarantee 10 per Cent above the average Revenue of the past 3 years -

6. The next point under Mr Dalyell's System is, the fixing of the densities of the liquors issued; these I would propose should

7. The third point is, the duty payable on the different densities, and this duty has been fixed with regard to the circumstances of each Districts- I would submit that there be a uniform rate of duty for the Mysore District of Rupees 3-2-3 per Gallon of 20° degrees under proof & Rs: 2-12-. per Imperial Gallon of 30° degrees under proof- This uniform rate will abolish the present invidious distinction of duty levied as for Cusbahs and Villages.-

8. The fourth point under Mr. Dalyell's System is, that the liquor is vended at fixed maximum and minimum prices and adulteration by Retail Vendors is strictly prohibited. These prices are also fixed with due regard to the circumstances of each District. I submit that the minimum and maximum prices for the Mysore District be from Rs 4-12 to Rs 5/ per Gallon of 20° degrees under proof and Rs: 4 to Rs 4-8-. per Gallon of 30° degrees under proof.- The Company will also agree to pay Rs 100/ a month as provided for in Mr. Dalyell's System for the Government Establishment of a Guard and Gunger to be maintained at the Distillery Depôt.-

9. The securing of good men as Retail Vendors the Regulating of the Sales, the detection of illicit practices and in short the careful Supervision of all the interests involved in the issue and Sale of Arrack will be

Zealously

by supervised by the Company's Officers
& this I submit, will be done to the utmost
advantage saving that the interests of Government
and the Distillers are closely identified with
each other in these respects.-

The rates of duty and selling prices
mentioned in paras: 7 and 8 are high when
compared with the rates prevailing in the Ban
galore District where Commerce is greater and
the means of the consumer more ample. This
will be evident when I state that the rates
of duty levied there are Rs: 3-3-/ (including
local fund cess) per Gallon for Town and
Rs: 2-2-/ including local fund cess) P Gallon
for Villages. The selling prices there are Rs 5/
P Gallon for Town Rs 4/ for Villages. The rates
I propose should therefore be considered tentative.-

In Conclusion I beg your favorable view
of the foregoing particulars, and request you will
be so kind as to submit the same with your
support for the favorable Consideration of the
Commissioner of the Division. I would here also
submit, that the Company is quite prepared
to take over the Hassan District on the same
terms as the above. I mention this as the
question has been put as to whether the Company
would take up the Hassan District also.

I have the honor to be Sir
(Signed) S. J. Arathoon
Managing Director
A. S. & Co Ltd

(True Copy.)
S. J. Arathoon
Managing Director

No 2018
R 17.

Mysore C. C. Office
Bangalore 5th June 1876.

MYSORE COMMISSION.

To The Commissioner of the Astalapam Division

S. R. 7-765.

Sir

In forwarding herewith for report a letter dated 29th May 1876 with its enclosure from Mr. S. J. Arathoon, Managing Director of the Astalapam Sugar and Rum Works Company, limited, stating the terms on which the Company were prepared to take over the retail sale of spirits in the Mysore District, I am directed to communicate the following observations of the Offg Chief Comr.—

2. From the enclosure it will appear that the present Monopolists of the manufacture of spirits in Mysore desire also the Monopoly of the vend of spirits, and if this is granted to them they offer to adopt the new system of Abkarri Management which is bearing

fairly successful Rs
Calls in the Madras
Presidency. If the Company
are in a position to arrange
matters with the existing
vendors for the remainder
of the year 1879, the Offg
Chief Comptr does not see
why their proposal should
not be accepted provided
they agree to sell at the
rates specified, viz from
Rs 4-12-0 to Rs 5 per gallon
of 20° under proof, and to
pay the present license
fees in addition to a duty
of Rs 3-3-0 per gallon
of 20° under proof. As
the license fees are January
per gallon this would re-
present Rs 3-10-0, leaving
from
Rs 1-2-0 to Rs 1-6-0 for
expenses of manufacture
and vend. His minimum
should represent the

Always Number of Shares
issued in past three years
multiplied by Rs. 3-00-

The return of the tickets
is requested.-

2/6/18

Secretary
2/6

Rajcc 1876 No. 18

22

To The Commissioner of the
Agricultural Division

Section
File No
Serial No 9411 C

Dated 5th June 1876
Letter 65
R 948 / 876 / 10. 5. 76

By the Same No. 10. 5. 76

No 2018
R 17.

I am forwarding for re=
port a letter & its enclosure
from Mr. S J Arathoon
Managing Director, Sugar
& Rum Works Comp[y] Pathal
conveys observations as re=
gards the offer made to take
the retail sale of Spirits in
the Impore District

Ref.

23

1876.

From

The Secretary to the Chief Commissioner
of Mysore.

To The Commissioner
Ashtagram D.

Section S.A.
File No 775
Serial No 12

Dated 30th
Despatched 4 November
Received 16. Decr.

ENCLOSURES NO.

General No. 8948
R No. 67

This office letter No: 2018 of 5th June 1876 forwarding for report a letter & its enclosure from Mr. S. J. Strathoon, managing Director, Sugar and Rum Works Company offering to take the retail sale of spirits in the Impérial District.

Requests an early reply to the above

"By order"

Secretary

20/11

24 1877. No. 74

From

The Secretary to the Chief Commissioner
of Mysore.

To

The Commissioner
Bangalore &c.

Section
File No
Serial No

Dated 18th January

Despatched "

Received 31st "

ENCLOSURES NO. "

General No. 10,508

R. No. 74

This Office reminds his
8948 of 30th Novr 1876
by requesting an early reply
to this Office letter No: 2018
of 5th June 1876 forwarding
for report a letter & its
enclosure from Mr S. J.
Arathoon, Managing
Director, Sugar and Rum
Works Company offering to
take over the retail
sale of spirits in the
Mysore District.

Requests an early reply
to the above.

"By order"

Secretary

Secretary to Chief Commissioner,
General Department.

ENCLOSURES NO.

No.

Section
File No

Mysore No. 694 / 1876/7
Revenue " 99

Shikarpur Commissioner's Office.
Mysore 29th January 1877.

To.

The Secretary to the Chief
Commissioner of Mysore.

Sir?

I have the honor to Submit the following observations on the offer of the Managing Director, Paulhalli Sugar and Rum Works referred to in your letter No. 208/M dated 5th June last

2. Mr. Strathoon in his letter No. 173 dated 29th May 1876 to your address applied for the monopoly of the retail vend of the arrack distilled by the Company at Paulhalli in the Mysore District, and the proposed terms were:-

I. Ten per cent above the average revenue of the past 3 years will be guaranteed.

II. The densities of the liquor to be 20° and 30° under proof.

III. The duty on liquor of 20° under proof to be fixed at Rs. 3. 2. 0 per gallon, and that on liquor of 30° below proof at Rs. 2. 12. 0 per gallon

IV. The minimum and maximum rates of retail prices to be from Rs. 4. 12. 0 to Rs. 5. 0. 0 per gallon of 20° under proof and Rs. 4 to Rs. 4. 8. 0. per gallon of 30° under proof.

The Company will also pay Rs: 100 annually for the maintenance of the Government establishment of a guard and Gauger at the Distillery.

It was stated that since the introduction of the monopoly System of distilling liquor, and supplying it to Government at 13 annas per gallon, there has been a considerable decrease in the Sale which is erroneously attributed by retail vendors to the inferior quality of the liquor, and that under the proposed arrangement, the Company would be able to secure good men as Retail Vendors, regulate the Shops, detect illicit practices, and in fact exercise a Careful Supervision of all the interests involved in the issue and sale of Arrack, the interests of Government, and the Distillers being more closely identified with each other.

It was added, that the proposed rates of duty are high, when Compared with those prevailing in Bangalore, where they vary from Rs: 3. 3. 0 (including local Cess) in the Town of Bangalore to Rs: 2. 2. 0 per gallon in Talooks, the Selling prices being Rs: 5 in the Town and Rs: 4 in Talooks, and should therefore be tentative. The Company also agreed to take the Hassan District on the Same terms.

3. In forwarding these proposals, the Chief Commissioner in your letter No. 2018 dated 5th June 1876, observed, that if the Company are in a position to arrange matters with the existing Vendors, there

Terms

seems no reason why these proposals based on new System of the Abkari management which is bearing fairly successful results in the Madras Presidency, should not be accepted, provided they agree to sell at the rates specified viz: from Rs: 4 " 12 " 0 to Rs: 5 " 0 " 0 per gallon of 20° under proof, and to pay the present license fees (i-e 4 annas per gallon) in addition to the duty of Rs: 3 " 2 " 0 per gallon of 20° under proof, or Rs: 3 " 10 " 0 in all, which would leave from Rs: 1 " 2 " 0 to Rs: 1 " 6 " 0 per gallon for Expenses of manufacture, rent &c. &c. the minimum representing the average number of gallons issued in past 3 years, multiplied by Rs: 3 " 10 " 0.

4. The total number of gallons issued in the 3 years from 1872-73 to 1874-75 were:—

1872-73	25389	Gallons.
1873-74	20741	do:
1874-75	20922	do:
Total	67052.	

giving an average of 22350 gallons yearly, the strength of the liquor being 25° below proof in 1872-73, and 1873-74, and 19° below proof in 1874-75.

The total amounts realized by the sale of these quantities after deducting the discount of 2 annas in the Rupee in cases in which more than 20 gallons were issued were.

1872-73	Rs: 34248 " 12 " 1.	
1873-74	" 34919 " 14 " 2.	
1874-75	" 38479 " 9 " 1	
Total	Rs: 110048 " 3 " 4.	

at an average of Rs. 36682 yearly or Rs. 45865 including license fees.

The Still head duty levied in these years was

1873-74 In the Town of Mysore Rs. 3.0.0 per gallon.
1874-75 —— Do. —— " — 2.8.0 — Do. —
In Taloohs. —— " — 1.8.0. — Do. —

After deducting from these, Rs. 0.6.0 in the Town of Mysore, and Rs. 0.3.0 in Taloohs, being the discount of 2 annas in the Rupee allowed in cases in which more than 20 gallons were issued, the amount realized by Government as Still head duty was:-

In the Town of Mysore Rs. 2.10.0 per gallon.
In Taloohs. —— " — 1.5.0. — Do. —

5 The average amount of License fees levied during the 3 years above mentioned was Rs. 9183 yearly, or 0.6.6 per gallon.

The total quantities issued in the last 3 years from 1873-74 to 1875-76 were.

1873-74 —— 20741 — Gallons.
1874-75 —— 20922 — do. —
1875-76 —— 19086 — do. —
Total 60749.

giving an average of 20249 gallons yearly. The strength of the liquor was 25° under proof in 1873-74, 19° under proof in 1874-75 and 22° below proof in 1875-76.

The proceeds from the sale of these quantities

quantities after deducting the discount of 2 annas were

1873-74. —— Rs. 27919 " 14 " 2.
1874-75 —— " - 37879 " 9 " 1.
1875-76 —— " - 52985 " 10 " 6.

Total Rs. 118785 " 1 " 9.

at an average of Rs. 39595 or Rs. 48108 inclusive of license fees.

6. The rates of the Still head duty levied in 1873-74 and 1874-75 were.

1873-74 — Town of Mysore — Rs. 3 " 0 " 0.
Talooks. —— " - 1 " 8 " 0.

1874-75 — Town of Mysore — " - 2 " 8 " 0.
Talooks. —— " - 2 " 0 " 0.

From this, the discount of 2 annas in the Rupee was deducted.

7. The average amount of license fees was 0 " 6 " 0 per gallon.

8. The quantity issued in 1875-76 under the monopoly system was 1908 6 gallons of 22° under proof or 1836 gallons less than that of 1874, under the Suddur Distillery System.

The prices at which these quantities were sold by Government to retail Vendors were.

In the Town of Mysore Rs. 4 " 0 " 0 per Gal
In Talooks. —— " - 3 " 8 " 0 — Do. -

Deducting from these the 13 annas per gallon paid to the Company which manufactured and supplied the liquor, the amount realized by Govt. was

a was:-

In the Town of Mysore Rs: 3 " 3 " 0 per gallon.
In Valooko. —— " — 2 " 11 - 0 — Do. ——

9. The total amount realized by the Sale of the Liquor in 1875-76 after deducting the discount of 2 annas per Rupee in Cases of Wholesale Shops, and the 13 annas paid to the Company per gallon was Rs. 52985 " 10 " 6 or Rs. 60158, including license fees.

10. The retail prices at which the liquor was sold to the Public by retail Vendors were:-

In the town of Mysore Rs: 5 " 0 " 0 per gallon.
In Valooko. —— " — 4 " 8 " 0 — Do. ——

From these, the following deductions are to be made

Town of Mysore

Amount paid to Govt. by retail Vendors — } —— Rs. 4 " 0 " 0 per gallon
License fees. —— 0 " 6 " 0 — do. ——
For Carriage hire, Shop rent &c. } —— 0 " 3 " 0 — do. ——
Total 4 " 9 " 0.
Balance. — 0 " 7 " 0.

Valooko.

Amount paid to Govt by retail Vendors. 3 " 8 " 0 —— do.
License fees. —— 0 " 6 " 0 —— do.
For Carriage hire, Shop rent &c. —— 0 " 3 " 0 —— do.
Total. 4 " 1 " 0.
Balance 0 " 7 " 0.

A

A clear profit of 7 annas per gallon must therefore have been obtained by retail Vendors under the present monopoly system.

II. The Company having been called upon to State whether they are prepared to arrange matters with the present Vendors, and have any further proposals to make, submit the following terms.

I. They are prepared to guarantee as minimum, the amount of the last year's Revenue which is in itself an increase of more than 40 Per Cent on the preceding year's Revenue.

II. The dentities of the liquor should be 20° under proof, and 30° under proof.

III. The duties be.

20° under proof — { Town of Mysore — Rs. 3. 3. 0.
Taloohs. ——— " — 2. 12. 0.

30° —— do: —— { Town of Mysore —— " — 2. 12. 0
Taloohs ——— " — 2. 0. 0.

V. The retail prices should be.

20° under proof — { Town of Mysore 4. 8. 0 to 5. 0. 0.
Taloohs. —— 4. 0. 0 to 4. 8. 0

30° —— do —— { Town of Mysore — 4. 0. 0 to 4-8-0
Taloohs — 3. 8. 0 to 4-0-0

V. The retention of the present Vendors or appointment of others should be left entirely to the Company.

VI. The Company should not be required to pay any licence fees to Govt: in addition to the duties mentioned in clause III as this is a matter between the Vendors and the Company.

The

12 The Company further add, that they have lost heavily in Supplying the Government with Spirits at 13 annas per gallon, besides paying Compensation of Rs. 10,700 - 12 - 7 to the old Distillers for building &c. and in case the proposed System cannot be introduced at once, the price at which the Factory supplies the Spirits should be raised from 13 annas to one Rupee per gallon.

13. The Deputy Commissioner Mysore States that it is inexpedient in the interests of Government to grant Extended privileges to the Company, and Submits the following remarks.

Para 3. - Clause VII of the Contract deed executed by the Company, provides that in view to ensure the interests of Government being met, 2000 gallons of arrack shall always be held in Stock by the Company for Sale to Government on demand - This Condition has not been acted up to promptly, as the following figures will shew.

Month	Date	Stock	Deficit
	1875.	Gallons.	Gallons.
May	4th	1224	776
"	26th	225	1775
June	16th		2000.
March — 1876	14th	1400	600.
April	3rd	550	1450.
May	1st	570	1430.
"	14th	880	1120.
"	23rd	1129	871
June	2nd	1307	693.
"	14th	834	1166
July	4th	586	1414
"	14th	1197	803.

Para 4. Since the Company have acquired the mo-
-nopoly, the Sale of Spirits has fallen. State
-ment I shows, that the total quantity
issued in 1874-75 under the Sudder Dis
-tillery System was 195886 gallons in roun
numbers, while that in 1875-76 under
the monopoly System was 175824 gallons
or 2062 less than the former. These figure
do not include the issues in the island
of Seringapatam and Yellandúr.

Para 5. The existing number of wholesale
Shops is 3.

1 at Sargúr Hoggeddevanhotta Taluk
1 at Doobah Periyapatna.
1 at Malvalli.

Several applications have been received
for opening wholesale Shops, and distribu
-ting liquor to retail Vendors on receipt of
a discount of at from 1½ to 2 annas
per gallon.

Para 6. There is no objection to freely opening
wholesale Shops in the remaining Talooks
the want of which, may in a measure
account for the falling off in the Sales
which may not be entirely attributable
to the objections made to the present ma
-nufactured Spirit and bad seasons.

4 Another Offer has been made by Messrs:

Taylor

Taylor Davy & Co. who are prepared to undertake the whole-sale and retail Vend of liquors for the Town and District of Mysore, on the following terms.

I. Duty to be paid at the same rates at present.

II. The usual discount to be given

III. All Spirit to be paid for before removed from bond.

IV. The retail vendors to purchase from Messrs. Taylor & Co at the usual rates.

V. An increase of Rs. 5000 over the net revenue realized last year will be guaranteed.

VI. The power of retaining or removing retail vendors to be vested in them.

On reviewing these figures, the result appears to be as follows:-

I.

1875. Under the first proposal of the Paulhalli Company to pay 10 per Cent increase over the average of the past 3 years from 1872-73 to 1874-75 or 1873-4 to 1875-6.

3 years average from 1872-3 to 1874-75	3 years average from 1873-74 to 1875-76	10 Per cent increase on Column 1	10 Per cent increase on Column 2.	Revenue of 1875-76.	Difference of Columns 3 & 5	Difference of Columns 4 & 5.
1	2	3	4	5	6	7.
		Rs: 50451	Rs: 52818			
		Estt: 1200	Estt: 1200		Loss	Loss
Rs: 45865.	Rs: 48018.	51651.	54018	Rs: 60158	Rs: 8507	Rs: 6140

shewing an increase over the average of either trien-nial Series, but a decrease Compared with the revenue of 1875-6.

II.

16. The Officiating Chief Commissioner's proposal in letter No. 2618/1477 dated 5th. June 1876.

Rs: 3..10..0 on the average No. of gallons issued in the past 3 years.

1872-73 to 1874-75, 22350 gallons at Rs. 3..10..0 Rs: 81018..12..0

1873-74 to 1875-76, 20249 gallons at Rs. 3..10..0 Rs: 73402..10..0

If the first of these Calculations is taken, the result is

Rs: 35153 more than the average from 1872-3 to 1873-4

Rs: 33000 more than the average from 1873-4 to 1874-5

Rs: 20860 more than the Revenue of 1875-6.

and if the later Series of years is adopted, the increase is

Rs: 27537 above the average 1872-3.

Rs: 25384 ——— do: ——— 1873-4

Rs 13244 Over the revenue of 1875-6.

III.

17. Second proposal of the Company in Mr. Prattoon's letter No. 175, dated 22nd. June 1876.

18 Guarantee of the amount Shewn in Column 1 below viz: Rs: 52985 as a minimum with a possibility of an increase under better arrangements for retail Sale, and payment of Rs: 250 per month for establishment, but deducting

deducting license fees, and with alterations in the strength of spirit which were disapproved of by the Officiating Chief Commissioner in letter No. 9242 / Rev. 383 dated 18th March 1875.

Guarantee Minimum. 1.	3 years average 1872-3 to 1874-5 including license fees 2.	3 years average from 1873-4 to 1875-76 3.	Revenue 1875-6 including license fees 4	Difference between Columns 1 & 4.
Rs. 52985 Rs. 3000. Rs 55985.	Rs. 45865.	Rs. 48018	Rs. 60158.	Loss Rs. 4173.

19 The Offer is higher than the average of the triennial Series, but there is a liability to a loss of Rs. 4173 per annum, Compared with the receipts of the year 1875-6 when the present System was introduced.

IV.

20 Proposal of Messrs. Taylor Davy & Co. Rs. 5000 over the revenue of 1875-76.

Revenue		Proposed
Rs. 60,158.	———	Rs. 65158.

without any change in the existing strength of spirits. Comparing the offers of the Paulhalli Co. with that of Messrs. Taylor Davy & Co. there is a difference of Rs. 9173 the offer of the latter being higher than the guaranteed minimum of the Paulhalli Company by that amount, and though it is not impossible that the Company might sell much additional liquor, one offer is

a Certainty of an increase of Rs. 5000, while the Store only secures Rs. 4173 less than the revenue of 1875.

21. The chief claims to preference advanced by the Shareholders of the Paulhalle factory have been that it is sound policy for the Government to support a Concern, which encourages and developes the cultivation of Sugar Cane, and it is now stated that the Company have been heavy losers by the low price of 13 annas per gallon paid for the liquor by Government, which should be raised to 1 Rupee to make the manufacture profitable, and that the retail sales would increase if the Company had the power of supplying the sellers direct In my letter B Rev: 25 of 1874-5 dated 4th March 1875, entured to express some doubt regarding the extent to which the neighborhood would be benefited, and I find from the accounts of the Company for the year 1875, that the whole quantity of Cane jaggory purchased during the year was about 5700 maunds for which Rs. 4,300 was paid, and that the manufacture conducted by the Company of this quantity into Sugar involved a loss for the year of Rs. 15000, whereas the Spirit account showed a profit of Rs. 1440.

22. Several reasons have been assigned for the diminished Consumption of Spirit, the retail price remaining the same, among which are the unpopularity of the liquor, the badness of the seasons and the want of Capital by the retail dealers, in all of which, there is truth, but as we find a former distillery

ready

ready to come forward with an advance over the revenue of 1875-6. I have no doubt that the last is the principal cause.

23. The Caulhalli spirit has been analysed, and found to be pure and wholesome, and if the retail sellers were in the same position as before, the consumption would rise to its former average in spite of bad seasons. At present the list of retail sellers contains the names of scarcely one man of any capital, and all have to pay cash for the liquor they obtain, whereas formerly as observed by Mr. Arathoon, they were mostly the relatives, dependants or commission agents of the Distillers, who were careful to have the shops always well supplied.

24. The remedy proposed by the Caulhalli factory, and by Messrs. Taylor & Davy is practically the same, to obtain a monopoly of the retail vend, and appoint sellers, who shall be on the same footing as the former shopkeepers, and if either offer is accepted by the Chief Commissioner, the result will be an increased consumption of spirit greater or less, according as the management is judicious.

25. The monopoly should continue only to the termination of the Contract with the Caulhalli Company, which expires on the 31st March 1878, when as I have before recommended, the monopoly of distilling and vending should be put up to Public Competition, and if the present offer of the Company

is

is not accepted, the price of this liquor increased to 12 annas per gallon, the rate originally considered fair by the Chief Commissioner

26. Mr. Strathcon has made no reference to the terms proposed by the Chief Commr. from which I conclude that the Company is not inclined to discuss them, and I see no certainty of advantage to Government in their last offer.

I have the honor to be
Sir
Your most Obt. Servt.

Commissioner
Asm: D.

1877. C.8938

From The Commissioner, &c.

Section 5.1.C. To
File No 7-73
Serial No 15

Secretary to Chief Commissioner,
General Department.

Dated 31st January.

Despatched

Received Dept. Chief Secy. 1/2

ENCLOSURES NO.

General No. 703 } 187 —7.
Local No. 200 }

Answered

His docket No. 10508/74 dated 18th Instant, requesting early submission of the report regarding Mr. Crathorne's offer to take over the retail sale of spirits in the Mysore District.

In reply, has the honor to state that in this Office letter No. 694/99 dated 29th Inst. a detailed report in the matter was submitted.

I. J. Cahill
for Colr. Sd

For Secy

3-2

Letter No. 694/99 dated 29th January 1877 from the Commissioner of Ashtagram reporting on the proposal made by Mr. Arathoon, Managing Director of the Ashtagram Sugar and Rum Works Company, to take up the monopoly of the vend of Spirits in Mysore and Nanjan Districts on certain terms.

S.R. 975/16

Order thereon — The Chief Commissioner is not prepared to sanction Mr. Arathoon's proposal; but he sees no objection to the selling rate to Govt being fixed at 13½ annas per gallon from 1st April 1877

The minimum revenue which the Company purpose to guarantee is Rs 52985 inclusive of the cost of Establishment, which the added Establishment for 1875-76 amounts to Rs 60578-

The Chief Comm cannot ~~[illegible]~~ concur in the proposal submitted ~~[illegible]~~ as it

the time when the present
contract expires.

Hg Secretary

I/o The Commissioner of Ashtabula

Mr Strathorn Managing
Director of the Ashtabula
Sugar and Rum works Company.

authorise any alteration
~~in the terms of the~~
in the terms of the
existing Contract
with the Company, which
expires on the 31 March
1878 — but ~~in the event~~
~~that he recommends~~
~~the Company~~ the
Captain is willing to
allow the selling rate
of Gov 82 cases per
13 annum at 13½ Annas
per gallon per 1 April
1877 to 31 March 1878
he making the recommend
that the rate per
case of 14 as per
gallon the Commissioner
apprehends will realise
that sum which the
~~Company~~ price of Liquor
from the said Distillery
is 19° U/P ~~and that~~
by
the Company subsequently
rises to 22° U/P.

Forwarded

To the Private Secretary to the Chief Commissioner.

MYSORE COMMISSION.

Letter No. 694/99 dated 29th January 1877, from the Commissioner Ash. Sagram Division.

Order thereon No. 67

Dr. Last agm. 1/2

Rs 16

The minimum revenue which the Company propose to guarantee is Rs. 52985/- exclusive of the cost of Establishment, while the actual realizations for 1875/6 amounted to Rs. 60378/-

The Chief Commissioner cannot consent to the proposals submitted, or to authorise any alterations in the terms of the existing Contract with the Company, which

Expires on the 31st
March 1878; but the
Chief Commissioner
is willing to allow
the selling rate to
Government to be
raised from 13 to 13½
annas per gallon
from 1st April 1877
to 31st March 1878.

In making ~~the~~
his recommendation that
the rate should be
raised to 14 annas
per gallon, the Com-
-missioner has ap-
-parently not noticed
that that rate was
fixed when the
liquor was to be
sold to Government
at 19° under Prof.
The strength was
subsequently reduced
to

to 22° under Proof.

46 V

Rev.

Telegraph

Augt 7 J Clarke

Agency

To the Commrs

Ashtapaum Do

The Commr Ashtapaum Do

Dy 27th April 87

?

W. Arathoon

Managing Director

of the Ashtapaum Suja

& Rum Works Company

No. 1022

4

Return for correction

Rd 14.

6 Pages Rd 28-4-87

Circular Authorising

selling rate of by the

Ashtapaum & Rum Works

Company to Govern

being raised from

13 to 13½ gallons per

gallon

From the Commissioner, Ashtagram Division, To the Offg. Secretary to the Chief Commissioner of Mysore, General Department, No. 694—Rev. 99, dated Mysore, 29th January 1877.

I have the honor to submit the following observations on the offer of the Managing Director, Palhalli Sugar and Rum Works, referred to in your letter No. 2018—17, dated 5th June last.

2. Mr. Arathoon in his letter No. 173, dated 29th May 1876, to your address, applied for the monopoly of the retail vend of the arrack distilled by the company at Palhalli in the Mysore District, and the proposed terms were:—

I. Ten per cent above the average revenue of the past three years will be guaranteed.

II. The densities of the liquor to be 20° and 30° under proof.

III. The duty on liquor of 20° under proof to be fixed at Rs. 3—2—3 per gallon, and that on liquor of 30° below proof at Rs. 2—12—0 per gallon.

IV. The minimum and maximum rates of retail prices to be from Rs. 4—12—0 to Rs 5—0—0 per gallon of 20° under proof, and Rs. 4 to Rs. 4—8—0 per gallon of 30° under proof.

V. The company will also pay Rs. 100 annually for the maintenance of the Government establishment of a guard and gauger at the distillery.

He stated that since the introduction of the monopoly system of distilling liquor and supplying it to Government at 13 annas per gallon, there has been a considerable decrease in the sale which is erroneously attributed by retail vendors to the inferior quality of the liquor, and that under the proposed arrangement the company would be able to secure good men as retail vendors, regulate the shops, detect illicit practices, and in fact exercise a careful supervision of all the interests involved in the issue and sale of arrack, the interests of Government and the distillers being more closely identified with each other.

It was added, that the proposed rates of duty are high when compared with those prevailing in Bangalore, where they vary from Rs. 3—3—0 (including local cess) in the town of Bangalore to Rs. 2—2—0 per gallon in taluks, the selling prices being Rs. 5 in the town and Rs. 4 in taluks, and should therefore be tentative. The company also agreed to take the Hassan District on the same terms.

3. In forwarding these proposals, the Chief Commissioner in your letter No. 2018—17, dated 5th June 1876, observed that, if the company are in a position to arrange matters with the existing vendors, there seems no reason why their proposal based on the new system of the abkari management, which is bearing fairly successful results in the Madras Presidency, should not be accepted, provided they agree to sell at the rates specified, *viz.* from Rs. 4—12—0 to Rs. 5—0—0 per gallon of 20° under proof, and to pay the present license fees (*i. e.* 7 annas per gallon) in addition to the duty of Rs. 3—3—0 per gallon of 20° under proof, or Rs. 3—10—0 in all, which would leave from Rs. 1—2—0 to Rs. 1—6—0 per gallon for expenses of manufacture, vend, &c., the minimum representing the average number of gallons issued in past three years, multiplied by Rs. 3—10—0.

4. The total number of gallons issued in the three years from 1872—73 to 1874—75 were :—

		Gallons.
1872—73	..	25,389
1873—74	..	20,741
1874—75	..	20,922
	Total....	67,052

giving an average of 22,350 gallons yearly, the strength of the liquor being 25° below proof in 1872—73 and 1873—74, and 19° below proof in 1874—75.

The total amounts realized by the sale of these quantities after deducting the discount of 2 annas in the rupee in cases in which more than 20 gallons were issued were;—

1872—73	..	Rs. 34,248—12—1
1873—74	..	„ 37,919—14—2
1874—75	..	„ 37,879— 9—1
	Total Rs.	1,10,048— 3—4

at an average of Rs. 36,682 yearly or Rs. 45,865 including license fees.

The still head duty levied in these years was :—

1873—74,	In the town of Mysore	Rs. 3—0—0	per gallon
1874—75,	Do	„ 2—8—0	do
	In taluks	„ 1—8—0	do

After deducting from these Rs. 0—6—0 in the town of Mysore, and Rs. 0—3—0 in taluks, being the discount of 2 annas in the rupee allowed in cases in which more than 20 gallons were issued, the amount realized by Government as still head duty was :—

In the town of Mysore	Rs. 2—10—0	per gallon.
In taluks	„ 1— 5—0	do

5. The average amount of license fees levied during the three years above mentioned was Rs. 9,183 yearly, or 0—6—6 per gallon.

The total quantities issued in the last three years from 1873—74 to 1875—76 were :—

1873—74	..	20,741 gallons.
1874—75	..	20,922 do
1875—76	..	19,086 do
	Total....	60,749

giving an average of 20,249 gallons yearly. The strength of the liquor was 25° under proof in 1873—74, 19° under proof in 1874—75, and 22° below proof in 1875—76.

The proceeds from the sale of these quantities after deducting the discount of 2 annas were :—

1873—74	..	..	..	Rs. 27,919 14 2
1874—75	..	..	..	„ 37,879 9 1
1875—76	..	..	..	„ 52,985 10 6
			Total....	„ 1,18,785 1 9

at an average of Rs. 39,595 or Rs. 48,108 inclusive of license fees.

6. The rates of the still head duty levied in 1873—74 and 1874—75 were:—

1873—74	Town of Mysore	..	..	Rs. 3 0 0
	Taluks ..	..	..	„ 1 8 0
1874—75	Town of Mysore	..	..	„ 2 8 0
	Taluks ..	..	..	„ 2 0 0

From this, the discount of 2 annas in the rupee was deducted.

7. The average amount of license fees was 0—6—0 per gallon.

8. The quantity issued in 1875—76 under the monopoly system was 19,086 gallons of 22° under proof, or 1,836 gallons less than that of 1874—75 under the Sadar Distillery system.

The prices at which these quantities were sold by Government to retail vendors were :—

In the town of Mysore	..	Rs. 4 0 0	per gallon.
In taluks ..	..	„ 3 8 0	do.

Deducting from these the 13 annas per gallon paid to the company which manufactured and supplied the liquor, the amount realized by Government was—

In the town of Mysore	..	Rs. 3 3 0	per gallon.
In taluks ..	..	„ 2 11 0	do.

9. The total amount realized by the sale of the liquor in 1875—76 after deducting the discount of 2 annas per rupee in cases of wholesale shops, and the 13 annas paid to the company per gallon, was Rs. 52,985—10—6 or Rs. 60,158 including license fees.

10. The retail prices at which the liquor was sold to the public by retail vendors were :—

In the town of Mysore Rs. 5 0 0 per gallon.
In taluks .. „ 4 8 0 do.

From these, the following deductions are to be made :—

Town of Mysore.

Amount paid to Government by retail vendors ..	Rs.	4	0	0 per gallon.
License fees	„	0	6	0 do.
For carriage hire, shop rent, &c.	„	0	3	0 do.
Total.. ...		4	9	0
Balance....		0	7	0

Taluks.

Amount paid to Government by retail vendors	Rs.	3	8	0 per gallon.
License fees	„	0	6	0 do.
For carriage hire, shop rent, &c.	„	0	3	0 do.
Total.. .		4	1	0
Balance....		0	7	0

A clear profit of 7 annas per gallon must therefore have been obtained by retail vendors under the sent monopoly system.

11. The company having been called upon to state whether they are prepared to arrange matters h the present vendors, and have any further proposals to make, submit the following terms :—

I. They are prepared to guarantee as minimum, the amount of the last year's revenue which is in itself an increase of more than 40 per cent on the preceding year's revenue.

II. The densities of the liquor should be 20° under proof, and 30° under proof.

III. The duties be :—

20° under proof	Town of Mysore.. ..	Rs.	3 3 0
	Taluks	„	2 12 0
30° do	Town of Mysore.. ..	„	2 12 0
	Taluks	„	2 0 0

IV. The retail prices should be :—

20° under proof	Town of Mysore	Rs.	4	8	0 to 5	0	0
	Taluks	„	4	0	0 to 4	8	0
30° do	Town of Mysore	„	4	0	0 to 4	8	0
	Taluks	„	3	8	0 to 4	0	0

V. The retention of the present vendors or appointment of others should be left entirely to the company.

VI. The company should not be required to pay any license fees to Government in addition to the duties mentioned in clause III, as this is a matter between the vendors and the company.

12. The company further add, that they have lost heavily, in supplying the Government with spirits at 13 annas per gallon, besides paying compensation of Rs. 10,700—12—7 to the old distillers, for building, &c., and in case the proposed system cannot be introduced at once, the price at which the factory supplies the spirits should be raised from 13 annas to one rupee per gallon.

13. The Deputy Commissioner, Mysore, states that it is inexpedient in the interests of Government to grant extended privileges to the company, and submits the following remarks :—

Para 3. Clause VII of the contract deed executed by the company provides that, in view to ensure the interests of Government being met, 2,000 gallons of arrack shall always be held in stock by the company for sale to Government on demand. This condition has not been acted up to promptly, as the following figures will shew:—

Month.		Date.	Stock.	Deficit.
			Gallons.	Gallons.
May ...	1875	7th	1,224	776
Do	1875	26th	225	1,775
June...	1875	16th	...	2,000
March	1876	17th	1,400	600
April	1876	3rd	550	1,450
May...	1876	1st	570	1,430
Do	1876	17th	880	1,120
Do	1876	23rd	1,129	871
June ...	1876	2nd	1,307	693
Do	1876	17th	834	1,166
July...	1876	4th	586	1,414
Do	1876	17th	1,197	803

Para 4. Since the company have acquired the monopoly, the sale of spirits has fallen. Statement I shews that the total quantity issued in 1874—75 under the Sadar Distillery system was 19,586 gallons in round numbers, while that in 1875—76 under the monopoly system was 17,524 gallons or 2,062 less than the former. These figures do not include the issues in the island of Seringapatam and Yelandur.

Para 5. The existing number of wholesale shops is 3.

1 at Sargur, Heggaddevankota Taluk.

1 at Kasba, Periyapatna.

1 at Malvalli.

Several applications have been received for opening wholesale shops, and distributing liquor to retail vendors on receipt of a discount of at from 1½ to 2 annas per gallon.

Para 6. There is no objection to free opening wholesale shops in the remaining taluks, the want of which may, in a measure account for the falling off in the sales which may not be entirely attributable to the objections made to the present manufactured spirit and bad seasons.

14. Another offer has been made by Messrs. Taylor Davy & Co., who are prepared to undertake the wholesale and retail vend of liquors for the town and District of Mysore, on the following terms :—

I. Duty to be paid at the same rates at present.

II. The usual discount to be given.

III. All spirit to be paid for before removed from bond.

IV. The retail vendors to purchase from Messrs. Taylor & Co., at the usual rates.

V. An increase of Rs. 5,000 over the net revenue realized last year will be guaranteed.

VI. The power of retaining or removing retail vendors to be vested in them.

On reviewing these figures, the result appears to be as follows :—

I.

15. Under the first proposal of the Palhalli Company to pay 10 per cent increase over the average of the past three years from 1872—73 to 1874—75 or 1873—74 to 1875—76 :—

Three years' average from 1872—73 to 1874—75.	Three years' average from 1873-74 to 1875-76.	Ten per cent increase on column 1.	Ten per cent increase on column 2.	Revenue of 1875—76.	Difference of column 3 and 5.	Difference of column 4 and 5.
1	2	3	4	5	6	7
		Rs. 50,451 Estt. 1,200	Rs. 52,818 Estt. 1,200	Rs.	Loss Rs.	Loss Rs.
Rupees 45,865	Rs. 48,018	51,651	54,018	60,158	8,507	6,140

shewing an increase over the average of either triennial series but a decrease compared with the revenue of 1875—76.

II

16. The officiating Chief Commissioner's proposal in letter No. 2018—17, dated 5th June 1876.

Rs. 3—10—0 on the average number of gallons issued in the past three years.

1872—73 to 1874—75, 22,350 gallons at Rs. 3—10—0 Rs. 81,018—12—0.
1873—74 to 1875—76, 20,249 do Rs. 3—10—0 Rs. 73,402—10—0.

If the first of these calculations is taken, the result is:—

Rs. 35,153 more than the average from 1872—73 to 1873—74.
Rs. 33,000 do do 1873—74 to 1874—75.
Rs. 20,860 do revenue of 1875—76.

and if the later series of years is adopted, the increase is:—

Rs. 27,537 above the average of 1872—73.
Rs. 25,384 do —74.
Rs. 13,244 over the revenue of —76.

17. Second proposal of the company in Mr. A loon's letter No. 175, dated 22nd June 1876.

18. Guarantee of the amount shewn in colu 1 below, *viz.*, Rs. 52,985 as a minimum with a possibility of an increase under better arrangements retail sale, and payment of Rs. 250 per month for establishment, but deducting license fees, and w alterations in the strength of spirit which were disapproved of by the officiating Chief Commissi r in letter No. 9242—Rev. 383, dated 18th March 1875.

Guarantee Minimum.	Three years' average, 1872-73 to 1874-75, including license fees.	T ee years' average f n 1873—74 to 1875—76.	Revenue 1875-76, including license fees.	Difference between columns 1 and 4
1	2	3	4	5
Rs. 52,985 Establishment ... 3,000				Loss.
Rs. 55,985	Rs. 45,865	Rs. 48,018	Rs. 60,158	Rs. 4,173

19. The offer is higher than the averages of the triennial series, but there is a liability to a loss of Rs. 4,173 per annum, compared with the receipts of the year 1875—76 when the present system was introduced.

IV

20. Proposal of Messrs. Taylor Davy & Co., Rs. 5,000 over the revenue of 1875—76.

Revenue.	Proposed.
Rs. 60,158	Rs. 65,158

without any change in the existing strength of spirits. Comparing the offers of the Palhalli Company with that of Messrs. Taylor Davy & Co., there is a difference of Rs. 9,173, the offer of the latter being higher than the guaranteed minimum of the Palhalli Company by that amount, and though it is not

impossible that the company might sell much additional liquor, one offer is a certainty of an increase of Rs. 5,000, while the other only ensures Rs. 4,173 less than the revenue of 1875.

21. The chief claims to preference advanced by the shareholders of the Palhalli factory have been that it is sound policy for the Government to support a concern, which encourages and developes the cultivation of sugar-cane, and it is now stated that the company have been heavy losers by the low price of 13 annas per gallon paid for the liquor by Government, which should be raised to one rupee to make the manufacture profitable, and that the retail sales would increase if the company had the power of supplying the sellers direct. In my letter B—Rev. 25 of 1874—75, dated 7th March 1875, I ventured to express some doubt regarding the extent to which the neighbourhood would be benefited, and I find from the accounts of the company for the year 1875, that the whole quantity of cane jaggory purchased during the year was about 5,700 maunds for which Rs. 7,300 was paid, and that the manufacture as conducted by the company of this quantity into sugar involved a loss for the year of Rs. 15,000, whereas the spirit account shewed a profit of Rs. 1,440.

22. Several reasons have been assigned for the diminished consumption of spirit, the retail price remaining the same, among which are the unpopularity of the liquor, the badness of the seasons and the want of capital by the retail dealers, in all of which, there is truth; but as we find a former distiller ready to come forward with an advance over the revenue of 1875—76, I have no doubt that the last is the principal cause.

23. The Palhalli spirit has been analyzed and found to be pure and wholesome, and if the retail sellers were in the same position as before, the consumption would rise to its former average in spite of bad seasons. At present the list of retail sellers contains the names of scarcely one man of any capital, and all have to pay cash for the liquor they obtain; whereas formerly, as observed by Mr. Arathoon, they were mostly the relatives, dependants or commission agents of the distillers, who were careful to have the shops always well supplied.

24. The remedy proposed by the Palhalli factory, and by Messrs. Taylor and Davy is practically the same,—to obtain a monopoly of the retail, and appoint sellers, who shall be on the same footing as the former shop-keepers, and if either is accepted by the Chief Commissioner, the result will be an increased consumption of spirit greater or less, according as the management is judicious.

25. The monopoly should continue only to the termination of the contract with the Palhalli Company, which expires on the 31st March 1878, when, as I have before recommended, the monopoly of distilling and vending should be put up to public competition, and if the present offer of the company is not accepted, the price of this liquor should be increased to 14 annas per gallon, which was the rate originally considered fair by the Chief Commissioner.

26. Mr. Arathoon has made no reference to the terms proposed by the Chief Commissioner, from which I conclude that the company is not inclined to discuss them, and I see no certainty of advantage to Government in their last offer.

No. 1022—REV. 4, DATED BANGALORE, 27TH APRIL 1877.

ORDER THEREON.—The minimum revenue which the company purpose to guarantee is Rs. 52,985 exclusive of the cost of establishment, while the actual realizations for 1875—76 amounted to Rs. 60,518.

2. The Chief Commissioner cannot consent to the proposals submitted, or to authorize any alterations in the terms of the existing contract with the company, which expires on the 31st March 1878; but the Chief Commissioner is willing to allow the selling rate to Government to be raised from 13 to 13½ annas per gallon from 1st April 1877 to 31st March 1878.

3. In making his recommendation that the rate should be raised to 14 annas per gallon, the Commissioner has apparently not noticed that that rate was fixed when the liquor was to be sold to Government at 19° under proof. The strength was subsequently reduced to 22° under proof.

T. CLARKE,
Offg. Secretary.

To—The Commissioner, Ashtagram Division. 5 Cys.
„ Mr. Arathoon Managing Director of the Ashtagram Sugar and Rum Works Company.

7 Copies despd.
1 To Hoshr
1 attached to Draft 4.577
42 Reserve
57

1877.

VERNMENT OF MYSORE.

REVENUE.

COMMISSIONER, ASHTAG

Serial No. 5.12

File No. 7-73

Serial No. 1 to

April 27th.

ached May 3rd

ed

No. 1022.
Rev. 4.

Commissioner's No. 694 of 29 Jan 1877
99

Arrack,—Authorizing selling rate of, by Ashtagram Sugar and Rum Works ny, to Government, being raised from 13½ annas per gallon.